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DEPARTMENT FOR EUR/CE, EUR/PGI AND OES/PCI

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SUBJECT: HUNGARY TO HOST HIGH-LEVEL MEETINGS ON EU DANUBE  
STRATEGY FEBRUARY 25-26

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11. (SBU) Summary: Hungary will host two linked but separate "macro-regional" gatherings in Budapest February 25-26 to give momentum to the EU's Danube Strategy -- an initiative that the GOH has identified as a priority for its 2011 EU Presidency. Hungarian PM Bajnai will host a "Danube Summit" on February 25 (immediately following the February 24 Visegrad 4 Meeting) with counterparts from the 8 EU and 6 non-EU Danube Basin countries. At the same time, the Hungarian MFA will host a "Danube Stakeholder Meeting" February 25-26 for government officials and representatives of international organizations and NGOs to discuss in more depth the thematic priorities that make up the Danube Strategy. In this effort, the GOH has made clear that it is playing a supporting role and that the center of gravity for developing the strategy and operationalizing it lies in Brussels with the European Commission. The GOH views the Danube Strategy, first and foremost, as a vehicle to obtain EU funds for infrastructure improvements needed to boost Hungary's longer term economic prospects. Upstream countries (in particular Germany) see it as a way to increase navigational capacity on the Danube and transport links in the region more broadly. Balancing these economic imperatives with the EU's environmental objectives (as encapsulated in the EU's Water Framework Directive, for example), as well as Hungary's own environmental priorities spelled out in a detailed non-paper submitted to Brussels in December (see para 2 below), and identifying the EU funds needed to actually execute the Strategy, are some of the challenges to be worked out in the months, and years, ahead. End summary.

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GOH in Supporting Role -- DG REGIO Has the Lead  
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12. (SBU) In a meeting January 25 with ESTH Hub Officer, Ambassador Gyula Hegyi, the MFA's "Danube Ambassador," outlined GOH planning for two linked, but separate, high-level meetings to take place in Budapest February 25-26 on the EU's Danube Strategy. As a preface, Hegyi made clear that the EC's Directorate General for Regional Policy (DG REGIO) has lead responsibility for developing the Strategy and that Hungary and other national governments will play a supporting role in the effort. That said, Hegyi also made clear that the GOH sees this as one of the signature initiatives of Hungary's January-June 2011 EU Presidency and provided us a 12-page non-paper that the GOH had sent to Brussels on December 15 containing further details (e-mailed to EUR/CE, EUR/PGI and OES/PCI on January 26). A common thread that runs through the paper is the need to deepen

economic (as well as cultural) ties in the region in a manner that is environmentally sustainable. The paper outlines the GOH's priority themes for the strategy, including:

- Strengthening the territorial cohesion of the Danube region
- Moderating the social, economic and environmental consequences of climate change
- Promoting a unified EU market
- Promoting research and development as well as innovation
- Strengthening the safety of the Danube region within the country and across borders
- Sustainable economic development
- Strengthening co-operation and identity in the Danube region

13. (SBU) In addition to submitting the non-paper laying out broad thematic priorities, Hegyi said that the GOH has also submitted a proposed action plan made up of approximately 300 project proposals to Brussels (most focused on infrastructure improvements involving bridges, tunnels, and rail lines) for which it would seek EU funding under the Strategy. He noted that the 300 projects were the result of a selection process led by the Ministry for National Development and Economy that had involved various stakeholders within Hungary, including local government, NGOs and other actors.

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Late February Meetings in Budapest  
and Time Line For 2010  
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14. (SBU) Turning to upcoming events on the calendar, Hegyi provided some details on the separate, but linked, high-level meetings in Budapest February 25-26, and how they fit into the broader sequence of steps that will take place this year

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to develop the Strategy.

Danube Summit: A one-day event on February 25 hosted by Prime Minister Bajnai at the Hungarian Parliament. Invitees will include leaders from 8 EU countries (in addition to Hungary -- Germany, Austria, Slovakia, Slovenia, Poland, Romania, and Bulgaria), 6 non-EU countries (Croatia, Bosnia-Herzegovina, Serbia, Montenegro, Ukraine and Moldova) and EC President Barroso. Hegyi said that PM Bajnai's office has the lead on all organizational aspects of the Summit meeting. (Note: The GOH has timed this gathering to immediately follow the February 24 Visegrad 4 meeting on energy security. End note.)

Danube Stakeholder Conference: A two-day event February 25-26, co-organized by the EC and the Hungarian MFA at the Hungarian Academy of Sciences. The conference will be opened by EC President Barroso and PM Bajnai and will then break into four panel discussions: (1) Socio-Economic Development, (2) Local Government, (3) Culture, and (4) Environment. Participants in each will include senior officials from relevant Ministries, as well as appropriate international and non-governmental organizations (in the case of environment, Hegyi confirmed that both the International Commission for the Protection of the Danube River (ICPDR) and the Regional Environmental Center for Central and Eastern Europe (REC) would participate in the Environment panel). Foreign Minister Balazs will speak at the conclusion of the second day to draw conclusions from the conference's proceedings. Hegyi said that the GOH expects either Polish PM Tusk or FM Sikorski to speak at the event as well, to draw links between the Danube Strategy and the EU's earlier Baltic Strategy, in which Poland is strongly involved.

15. (SBU) Hegyi noted that the Budapest stakeholder conference will be the second of five planned stakeholder gatherings this spring that will discuss the Danube Strategy. The first is scheduled for Ulm, Germany February 1-2. Following the February 25-26 Budapest meeting, EC-organized

stakeholder conferences are planned for Bratislava and Vienna in March, Bulgaria (NFI) in April, and Romania (Danube Delta) in June. All of these meetings, Hegyi noted, are to feed into an EC-drafted policy paper on the Danube Strategy that is to be released in June and sent to national governments for comment. By the end of 2010, there is to be an "informal" vote in the European Parliament on the Strategy and formal adoption sometime during Hungary's January-June 2011 EU Presidency.

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In the End, It's All About Economic Development  
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16. (SBU) Stepping back from the mechanics of the process, Hegyi made clear that the GOH views the Danube Strategy, first and foremost, as a vehicle to obtain EU funds for infrastructure improvements needed to boost Hungary's longer term economic prospects. Upstream countries (in particular Germany) see it as a way to increase navigational capacity on the Danube in order to expand and deepen commercial ties in the region. Balancing these economic imperatives with the EU's environmental objectives (as encapsulated in the EU's Water Framework Directive, for example), and identifying the EU funds needed to actually execute the Strategy, are some of the challenges that will need to be worked out in the months, and years, ahead.

KOUNALAKIS